

# **MISSISSIPPI**

## **RURAL IMPACT FUND**

**PROGRAM GUIDELINES**  
**2008**

The Mississippi Rural Impact Fund Program (RIF) administered by the Mississippi Development Authority (MDA) is designed to assist and promote businesses and economic development in rural areas by providing grants and loans to rural communities (Local Entities) and loan guarantees to rural businesses (Businesses). Funding for grants and loans to Local Entities and loan guarantees to businesses is derived from appropriations or funds otherwise made available by the State Legislature. The State Legislature enacted the RIF during the 2003 regular session. (See H.B. 1335).

## **ELIGIBILITY**

### **Local Entities**

A rural community must submit an application to the MDA. An eligible rural community and business are defined as follows:

**Rural Community** – a municipality with a population of 10,000 or less, according to the most recent federal decennial census, at the time the application is submitted by the municipality; or, a county with a population of 30,000 or less, according to the most recent federal decennial census, at the time the application is submitted by the county.

**Rural Business** – means a new or existing business located or to be located in a rural community; or, a business or industry located or to be located within five miles of a rural community.

### **Eligible Projects**

**Eligible projects financed with RIF must be publicly owned with the exception of loan guarantees to rural businesses.** All contracts and purchases must be made in accordance with normal bid and purchase laws of a municipality or county. Eligible projects include, but are not limited to:

- Construction, rehabilitation or repair of building;
- Sewer systems and transportation directly affecting the site of the proposed rural business;
- Acquisition of real property, development to real property, improvements to real property;
- Any other project approved by MDA, and
- Loan guarantees to financially sound Rural Businesses not to exceed eighty percent (80%) of the principal loan amount.

### **Ineligible Projects**

- Gaming and Utility Businesses

### **Soft Cost**

**Eligible Projects must have a direct connection in creating jobs.** RIF may be used for general expenditures in an amount not to exceed three percent (3%) of the total project cost. **(For example: \$150,000 x .03 = \$4,500).** A limited amount of funds may be used for engineering, architectural, attorneys, consultants, agents and /or advisors costs. The amount of these professional services will be limited to an

amount not to exceed eight percent (8%) of the RIF construction amount. All funds awarded must be spent for improvements within the scope of the original project description as stated in the grant or loan application.

Additionally, if grant or loan recipients complete their project for less than the amount awarded, the excess funds will be returned to MDA. All requested changes and variances from the original application for the projects awarded must be made in writing and will be reviewed by MDA on a case-by-case basis.

## **APPLICATION REQUIREMENTS**

### **Rural Community Application**

The application that is submitted by a local entity must include:

- Purpose of the proposed grant and/or loan including a detailed list of the request;
- A Description of the proposed project;
- The estimated cost of the total project by major category (e.g. engineering, legal, administration, etc.) and all public or private sources of funding that have been secured that will be utilized exclusively for the project;
- A time schedule for implementation and completion of the project, evidencing an expeditious completion of the project;
- A statement that the specific project will create at least ten net new full-time jobs along with an estimated number of total jobs to be created;
- Engineering or architectural documentation where applicable;
- Executed Project Information Packet;
- A copy of the Rural Community's Resolution of Authorization to apply for funds;
- Executed Sources and Uses Disclosure;
- A Memorandum of Agreement between the municipality/county and the business if jobs, funds or in-kind contribution is committed by the business.
- Applications for loan guarantees must include the requested loans terms, reasonable interest rates, collateral position, and requested percentage of loan guarantee. The loan terms, the interest rate, and the percentage of loan guarantee will be based on the number of jobs created and the financial position of the rural business.

## Rural Business Application

- For Rural Business Loan Guarantees, the business must provide the following:
  1. Credit reports and personal income tax records on all investors with twenty percent (20%) or more investment in the company;
  2. A description of the collateral with the appraised value, acquisition price and the expected life of the collateral;
  3. The last three years of the company's audited financial statements and tax returns;
  4. A business plan, including three years of monthly proformas financial statements will be required, and
  5. Corporate and personal guarantees.

## Application Process

Any local unit of government seeking funding should contact an MDA project manager with the EIB Division for an in-state company, or the Global Division for an out of state company. After the initial evaluation, should the manager determine the project meets MDA standards, he/she will contact Community Services to discuss the project and check on availability of funds. Then upon request, the local unit of government should send the following information to Community Services.

1. Project proposal
2. Project information packet
3. Source and use of funds

Upon review of your proposal, MDA may issue a letter inviting a RIF application. The letter will state the amount of RIF funds that can be applied for and the requirements. An application will be made available to you at that time.

## Selection Process

The process used for evaluating, selecting, and funding applications is based on the following:

1. Eligibility
2. Project readiness
3. Company's financial condition

One (1) original and one (1) copy of the application must be submitted to the Community Services Division of MDA, Rural Impact Fund Grant Program, 5<sup>th</sup> Floor Woolfolk Office Building, 510 North West Street, Jackson, MS. RIF is open-ended and applications are invited as long as funds are available. It should be noted that the Executive Director of MDA may at his discretion commit Rural Impact Funds to projects prior to an application being submitted to MDA, if a specific project is involved and timing of the award would have a direct effect on the location or expansion of the project. **All projects funded should create a minimum of ten (10) net new full-time jobs.** A Rural Community may submit up to two

applications during a calendar year; however, efforts will be made to fund projects representing all areas of the state.

## **General Terms**

The program intent is to stimulate job creation and economic development in rural communities in the State. **A grant amount of \$150,000 or a loan amount of \$200,000 will be the maximum for any rural community. A maximum of \$200,000 will be allowed on 80% loan guarantees to rural business(es).** Each application will be evaluated on its own merit to meet the intent of the program.

## **CONDITIONS FOR DISBURSEMENT OF FUNDS**

A Grant and/or Loan Agreement will be executed between the Rural Community/Business and MDA. The Agreement must be signed before request for cash can be processed. MDA will release Mississippi Rural Impact Program funds for services rendered, or on a reimbursement basis, for approved eligible costs of the project, as incurred. The Rural Community shall certify to MDA during construction that the expenses were incurred and were in accordance with the plans and application approved by MDA. Funds will be released upon receipt of the Mississippi Rural Impact Program Request for Cash and supporting documentation from the rural community. **Funds may not be disbursed more frequently than monthly. Rural communities have two years from the date of the award to expend the funds under the Mississippi Rural Impact Program. Failure to implement and complete the project may result in the grant agreement being voided and funds deobligated.**

## **Audit/Monitoring**

Funds provided under the Mississippi Rural Impact Program are subject to audit by the State Department of Audit. Additionally, MDA will also monitor all projects to ensure compliance with the original application submitted. MDA intends to use up to three percent (3%) of the Rural Impact Funds available to hire staff to monitor funded projects and provide technical assistance.

## **WAIVER**

These guidelines may be amended by MDA at any time. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State law.

## **ADDITIONAL INFORMATION**

Program inquiries and applications should be directed to:

**Mississippi Development Authority  
Mississippi Rural Impact Program  
Community Services Division  
Post Office Box 849  
Jackson, Mississippi 39205  
Telephone: (601) 359-3179  
Fax: (601) 359-3108**